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C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000669

SIPDIS

STATE FOR WHA/BSC
STATE ALSO FOR L/LEI
NSC FOR KIM BREIER
SOUTHCOM FOR POLAD DAN JOHNSON

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TAGS: [PGOV](#) [PREL](#) [KCRM](#) [KJUS](#) [BR](#) [PA](#) [OAS](#)
SUBJECT: PARAGUAY: FM ON OAS, ARTICLE 98, BRAZIL, ECUADOR,
PENDING RESIGNATION

Classified By: Polcouns James P. Merz for reasons 1.4 (b) and (d).

1. (C) Summary. On 5/13, the Ambassador and FM Rachid discussed machinations over OAS appointments -- past and future, holding Article 98 negotiations on the margins of the upcoming OAS Ministerial, the GOP's support for the U.S. position on the OAS Social Charter, concerns about Brazil's trade and foreign policy, the GOP's views on Ecuador, and the FM's impending resignation. End Summary.

OAS SYG and DSYG Elections

2. (U) FM Rachid expressed her satisfaction with the election of Chilean FM Insulza as the next OAS SYG. She was particularly impressed with the Secretary's engagement on and management of the process leading up to this decision by consensus. Rachid conveyed her interest in meeting with the Secretary on the margins of the June OAS General Assembly in

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Ft. Lauderdale.

3. (C) Rachid conveyed Paraguay's support for Ernesto Leal of Nicaragua to be the next Assistant SYG. She remarked that Surinam was actively lobbying in support of its candidate. Noting she had not yet received a phone call from the Nicaraguan FM on behalf of Leal, she recommended Nicaragua undertake a more active campaign if it hoped to gain support for its candidate.

4. (C) Ambassador called attention to the importance of Insulza's pledge to monitor human rights situations including Cuba, and to hold countries to a democratic governance yardstick, with Venezuela in mind.

Article 98 Negotiations

5. (U) Rachid said that she was free to meet with A/S Rademaker to discuss Article 98 on 6/6 while in Ft. Lauderdale for the OAS General Assembly. She planned to bring along MFA lawyer Ernesto Velasquez to participate in negotiations.

GOP Shares Views on OAS Social Charter

6. (C) Rachid shared our view that it would be inappropriate for Venezuela to chair the Charter Working Group. She agreed this exercise should be realistic and pragmatic. She welcomed news the Central American states may introduce an alternative to Venezuela's draft text.

Concerns about Brazilian Policies

7. (C) Rachid conveyed her desire to talk to the Secretary about concerns she has about Brazil's approach on trade and foreign policy. She complained that Brazil had cut quotas on Paraguayan exports. She was also worried about Brazil's ambition to become the leading political voice in the region and urged the U.S. to assert itself to counter Brazil.

8. (C) Ambassador conveyed concern about the recent Arab/Latin American Summit. Among other issues, he noted that it may gratuitously have sown tension between the Jewish and Arab communities in Brazil. Among other issues, he noted that it. I added that it was inappropriate and needless for the Summit Declaration to laud Sudan's cooperation with humanitarian assistance in Darfur when everyone knows the opposite is true. Rachid maintained that Brazil had had a "big fight" with a number of foreign ministers, including most prominently Colombian FM Barco and Chilean FM Walker, when Brazilian FM Amorim asked them to lower their rhetoric over objections they had to language pertaining to Sudan and the Middle East peace process.

No Decision on Ecuador

19. (C) Rachid was familiar with the OAS report on Ecuador but was still waiting on a recommendation from her Mission in Washington on next steps. She noted that Paraguay had not yet formally established relations with the new Ecuadorian government as it sought to base its decision on an OAS recommendation.

FM on the Way Out?

110. (C) Rachid confided to the Ambassador, and then subsequently revealed publicly, that she has put her job at the disposition of President Duarte. On May 17, the Foreign Ministry announced that Rachid will step down in September 2005 and join her husband in the U.S. She said that she believes Duarte has not decided on a successor but thinks he may be leaning slightly towards his Private Secretary Jose Maria Ibanez. Rachid has recommended Duarte not select one of the MFA's older veterans such as Paraguay's Ambassador to Brazil, Luis Gonzales Arias, among others, because they were already senior officials during the Stroessner era and have "human rights" baggage.

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